

Message Text

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ORIGIN EB-11

INFO OCT-01 NEA-14 IO-14 ISO-00 AID-20 CIAE-00 COME-00

FRB-03 INR-11 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

SP-03 CIEP-03 LAB-06 SIL-01 OMB-01 NSC-07 SS-20

STR-08 CEA-02 DODE-00 PA-04 USIA-15 PRS-01 L-03 H-03

INT-08 /179 R

DRAFTED BY EB/OT/GCP:DTMORRISON

APPROVED BY EB/CBA:JBILLER

NEA/IAI:EBIZIC

----- 059305

R 312314Z JUL 74

FM SECSTATE WASHDC

TO AMEMBASSY TEL AVIV

INFO USMISSION GENEVA

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E.O. 11652: N/A

TAGS: EGEN, EFIN, ETRD, SCI

SUBJECT: ISRAELI EMBASSY FOLLOW-UP ON ESTABLISHMENT OF

U.S.-ISRAEL JOINT COMMITTEE AND SUBCOMMITTEES

REF: TEL AVIV 4234

1. ZE'EV SHER, ISRAELI EMBASSY ECONOMIC COUNSELOR, CALLED ON DEPUTY ASST SECRETARY DESIGNATE BILLER ON JULY 31 TO URGE QUICK ACTION AND PROPOSE SPECIFIC ACTIONS WITH RESPECT TO ESTABLISHMENT OF JOINT COMMITTEE AND SUBCOMMITTEE STRUCTURE AGREED UPON BETWEEN TREASURY SECRETARY SIMON AND FINANCE MINISTER RABINOWITZ. SHER SAW TARGETS OF COMMITTEE WORK AS DETERMINED IN CONTEXT OF JOINT STATEMENT BY PRESIDENT NIXON AND PRIME MINISTER RABIN. AN IMPORTANT ASPECT OF JOINT COMMITTEE STRUCTURE WOULD BE CONSIDERATION OF GOI REQUESTS FOR "SOFT" AID -- MEASURES IN INVESTMENT, LIMITED OFFICIAL USE

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TRADE AND TECHNOLOGY FIELDS WHICH WOULD STRENGTHEN ISRAEL'S

ABILITY TO MEET AN INCREASING SHARE OF HER OWN ECONOMIC AND DEFENSE REQUIREMENTS AND REDUCE FUTURE NEED FOR "HARD" AID ON WHICH GOI NOW DEPENDS.

2. BILLER ASSURED SHER THAT THE UNITED STATES WAS SYMPATHETIC TO ISRAEL'S NEEDS AND THAT WE ATTACHED A HIGH

PRIORITY TO MOVING FORWARD TO ESTABLISH THE JOINT COMMITTEE STRUCTURE. AT SAME TIME, SOME TARGETS FOR ACTION SPELLED OUT IN GOI PAPERS WOULD POSE MAJOR DIFFICULTIES. AS JUST ONE EXAMPLE, GOI THINKING ON U.S.-ISRAEL PACT ON TRADE IN ELECTRONICS PRODUCTS COULD NOT ASSUME THAT SAME FACTORS WHICH ALLOWED ESTABLISHMENT OF U.S.-CANADA AUTO PACT APPLIED TO ISRAEL'S TRADE AND INVESTMENT RELATIONSHIP WITH U.S. IN FIELD OF ELECTRONICS. EVEN TODAY THERE WERE STRONGLY MIXED VIEWS WITHIN USG (INCLUDING SPECIFICALLY CONGRESS) OVER WISDOM OF AUTO PACT. GOI ALSO NEEDED TO RECALL DIFFICULTY INVOLVED IN OBTAINING GATT WAIVER FOR U.S.-CANADA AUTO PACT. PROSPECTS FOR GATT APPROVAL OF U.S.-ISRAEL WAIVER REQUEST WOULD APPEAR DIM. MTN TARIFF REDUCTIONS OFFERED BETTER PROSPECT FOR DEALING WITH GOI CONCERNS ABOUT TRADE IN ELECTRONICS EQUIPMENT. SHER ACKNOWLEDGED THAT SOME OF GOI-PROPOSED TARGETS WOULD BE DIFFICULT. OTHER TARGETS EASIER AND AGREEMENT SHOULD BE SOUGHT ON THEM IN TIME FOR NOVEMBER JOINT COMMITTEE MTG.

3. SHER FELT THAT U.S.-GOI AGREEMENT SHOULD BE REACHED WITHIN NEXT WEEK OR TWO ON SETTING UP FOUR SUBCOMMITTEES ON INVESTMENT, TRADE, TECHNOLOGY AND RAW MATERIALS SUPPLY. ALSO, WORK SHOULD GO FORWARD ON SETTING UP PRIVATE SECTOR COMMITTEE OF WELL KNOWN BUSINESS LEADERS FROM U.S. AND ISRAEL. SHER ALSO THOUGHT THAT ACTIVITIES COULD START IMMEDIATELY ON PUBLICIZING USG INTEREST IN PROMOTION OF U.S. INVESTMENT IN ISRAEL. HE SUGGESTED PRESS RELEASES AND SPEECHES BY U.S. OFFICIALS. AT TIME OF NOVEMBER 1974 JOINT COMMITTEE MEETING, WELL PUBLICIZED MEETING BY MESSRS. SIMON AND RABINOWITZ WITH PRIVATE SECTOR COMMITTEE WOULD ALSO SERVE THIS PURPOSE.

4. IN TERMS OF ORGANIZING SUBCOMMITTEE MEETINGS, IT WAS LIMITED OFFICIAL USE

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SHER'S VIEW THAT ISRAELI REPRESENTATION WOULD BE AT LEVEL OF MINISTRY DIRECTORS GENERAL FOR MEETINGS ON INVESTMENT, TRADE AND RAW MATERIALS AND BY MINISTRY OF COMMERCE AND INDUSTRY CHIEF SCIENTIST FOR R&D MEETING. (FINANCE, C&I AND INVESTMENT AUTHORITY OFFICIALS WOULD ATTEND INVESTMENT MEETING.) SHER THOUGHT U.S. REPRESENTATION AT ASSISTANT SECRETARY LEVEL WOULD BE APPROPRIATE. SUBCOMMITTEE MEETINGS LASTING 2-3 DAYS EACH SHOULD BE SCHEDULED FOR END

OF AUGUST OR FIRST WEEK IN SEPTEMBER.

5. IN RESPONSE TO BILLER'S QUESTION ABOUT LOCATION OF MEETINGS, SHER REPLIED THEY SHOULD BE ROTATED BETWEEN

U.S. AND ISRAEL. GOI WOULD WELCOME THE FIRST ROUND OF MEETINGS IN ISRAEL IF THIS WAS U.S. PREFERENCE. HE ASKED THAT U.S. GIVE CONSIDERATION TO PROPOSED ATTENDANCE BY HEADS OF ISRAELI INDUSTRIES AT TRADE AND INVESTMENT SUBCOMMITTEE MEETINGS. BILLER REPLIED THAT SUCH ATTENDANCE WHILE DESIRABLE FROM SOME POINTS OF VIEW COULD CAUSE PROBLEMS FOR USG. SHER SAID HE UNDERSTOOD THAT INSTITUTIONAL/LEGAL QUESTIONS WERE INVOLVED BUT THE GOI HOPED STRONGLY THAT PROBLEMS COULD BE WORKED OUT.

6. BILLER REPLIED TO SHER'S OVERALL PRESENTATION BY SAYING THAT INTERAGENCY DISCUSSIONS OF JOINT COMMITTEE STRUCTURE WERE PLANNED OVER NEXT SEVERAL DAYS. ACCORDINGLY, HE WOULD HAVE MORE SPECIFIC VIEWS TO CONVEY TO SHER AT BEGINNING OF NEXT WEEK. KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN INVESTMENT, TRADE, TECHNICAL ASSISTANCE, COMMITTEE MEETINGS, INTERGOVERNMENTAL COOPERATION, FOREIGN ASSISTANCE
Control Number: n/a
Copy: SINGLE
Draft Date: 31 JUL 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: boyleja
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE167107
Document Source: CORE
Document Unique ID: 00
Drafter: DTMORRISON
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740209-0478
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t1974071/aaaaaaku.tel
Line Count: 135
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: TEL AVIV 4234
Review Action: RELEASED, APPROVED
Review Authority: boyleja
Review Comment: n/a
Review Content Flags:
Review Date: 18 JUN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <18 JUN 2002 by boyleja>; APPROVED <25 FEB 2003 by boyleja>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SRAELI EMBASSY FOLLOW-UP ON ESTABLISHMENT OF U.S.-ISRAEL JOINT COMMITTEE AND SUBCOMMITTEES
TAGS: EGEN, EFIN, ETRD, IS, US
To: TEL AVIV
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005